Bankruptcy Terminology

ADVERSARY PROCEEDING A lawsuit arlsinll in of relined to a bankruptcy case that is commenced by filing a complaint with the bankruptcy court.

ASSUME

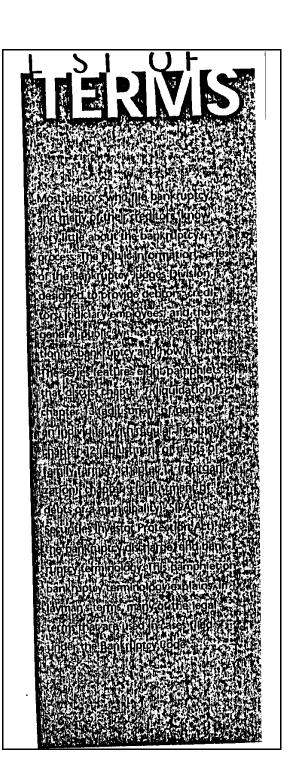
An agreement to continue perfoeming duties under a coreract or lenee,

AUTOMATIC STAY

An injunction that automaticidly sitopm lawsuits, foreclosure, garnishments. and all collection activity against the debtor the moment a bankruptcy petition ts filed.

BANKRUPTCY

A legal procedure for dealing with debt problems of Indlylduab and businesses; specifically, a case filed under one of the chaptere of title I I of the United States Code (the Bankruptcy Code).



BANKRUPTCY

ADMINISTRATOR An omcer of the Jude ~ In the Judicial distrivets of Alabama and North Carolina who. like the Unitnd Statel ~, is n~m,~lble for ~l~rvtsl~ the administration of ban~cy ease-estates, and tnBtees, monitoring plans and disclosore statements, mog~mtng creditors' committees, monitor~ fee applications, amd performing other statutory duties.

BANKRUPTCY CODE

The informal name for title 1! of the United States Code (ITU.S.C. SS 101-1330), the federal bankrup(cy law.

BANKRUPTCY COURT

The hankruptcy Judges In regalar active servk~ in each district: a tenlt of the dls-trkt court.

BANKRUPTCY ESTATE

All legal or equitable Interests of the debtor in property at the time of the bankruptcy Illing. [The estate Includes all property In which the delblot has an interest, even if it is owned or hem by another person.)

BANKRUPTCY JUDGE

A Judldal officer of the United States dlsUlct court who is the court official with decIsIofi-making power over federal bankruptcy cases.

BANKRUPTCY Mill

A business not authorized to practice law that provides bankruptcy counsel-lng and prepares bankruptcy petitions.

BANKRUPTCY PETITION

A \sim nrnal request for the protection of the federal bankruptcy laws. (There is an official form for bankruptcy peU-tlons.)

BANKRUPTCY TRUSTEE

A private individual or corporation appointed in all chapter 7. chapter 12, and chapter 13 cases to represent the Interest—of the bankruptcy estate and the debtor's creditors.

BUSINESS BANKRUPTCY

A bankruptcy case in which the debtor Is a b~lness or an Individual involvedIn business and the debts are for business porpoe~.

CHAPTER 7

The chapter of the Bankruptcy Code providing for "IlquIdadon." I.e., the sale of a debtor's nonexempt property and the distribution of the proceeds to creditors.

CHAPTER 7 TRUSTEE

A person appointed In n chapter 7 case to represent the Interests of the bankruptcy estate and tie un.cured credi-tars. (The trustee's responsibilities ir~clude fevlewlng the debtor's petition and schedules.

liquidating the property of the estate, and making distributions to cn.~:Iltors. The trustee may also bring actions against creditors or the debtor to recover property of the bankruptcy estate.)

CHAPTER 11

A reorBanlzation bankruptcy, usually Imivteg a corporation or partnership. (A chapter 1 [debtor usually proposes a plan of reorF, anlzation to keep its buabtess alive and pay creditors over time. People In buMness or Individuals on also seek miler in chapter 11.)

CHAPTER 12

The chapter of the Bankruptcy Code providing for adjustment of debts of a 'family farmer," as that term is defined In the Bankruptcy Code.

CHAPTER 13

The chapmr of the Bankruptcy Code providing for adjustment of debts of an btdlvldual with regular Illcome. (Chapter 13 allows a debtor to keep proper~ and pay debts over time, usually three to Ilve years.)

CHAPTER 13 TRUSTEE

A person appointed to administer a chapter 13 ease. (Acbapter 13 trustee's re-ponsibilities are similar to those of a chapter 7 trustee: however, a chapter 13 trustee has the oddlional ~rd-bilities of overst-ln8 the debtor's plan, receiving plan payments from debtors, and disbursing plan payments to creditors.)

CLAIM

A crexilror's assertion of a right to pay-meat from a debtor or the debtor's propally.

COMPLAINT

The IIrst or initiatory document in a lawsuit that notifies the court and the defendmit of the grounds claimed by the plaintiff for nn award of money or other relief against the defendant.

CONFIRMATION

Approval of a plan of reorganization by a bankruptcy Judge.

CONSUMER BANKRUPTCY

A bankruptcy case Iliad to reduce or eliminate debts that are primarily consumer debts.

CONSUMER DEBTS

Debts Incu[Ted for personal, as opposed to business, needs.

CONTINGENT CLAIM

A claim that may be owed by the debtor under tarrain circurestances, for example. where the debtor IS a coslKner off another person's loan and that person fails to pay.

CREDITOR

A person to whom or busluass to which the debtor owes money or that claims to be owed mof-y by the debtor.

DEBTOR

A person who has filed a petition for relief under the bankruptcy laws.

DEFENDANT

An Individual (or business) aBalnst whom a lawsuit Is filed

DISCHARGE

A release of a debtor from personal liability for certain dischargeable debts. IA discharge releases a debtor from personal liability for certain debts known as dischargeable debts (dellined below) and prevents the ctndltors owed those debt.— from taking rely action against the debtor or the debtor's property to collect the debts. The discharge also prohibits creditors from communicating With the debtor reBaed4ng the debt, Including telephone calls, letters, and per-nal contact.)

DISCHARGEABLE DEBT

A debt for which the BanKruptcy Code atlov~ the debtor's personal liability to he eliminated.

DISCLOSURE STATEMENT

A written document p~-pared by the chapter I 1 debtar or other plan propo-rent that Is designed to waylda "adequate information' to creditors to enable them to evaluate the chapter I I plan of reorganizatiou.

EQUITY

The value of a debtor's Interest In prow arty that remaim after Ilem and other creditors' Interests are considered. (Example: If a house valued at \$60.000 Is subject to a \$30,000 mortgage, there Is \$30.00~ of equity.)

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